

Mobile reading *really!* comes of age



AN UPDATE PROVIDED FOR
THE CENDI-NFAIS WORKSHOP
ON MOBILE COMPUTING

NOVEMBER 18, 2010

This morning's presentation

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- A mobile context
- Current options for mobile reading
- Expected developments
- Implications for content creation and management

Core take-aways on mobile reading

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- Expanding rapidly
- Dedicated and multi-function devices
- Netbooks, tablets squeezing smartphones
- Content forms evolving
- Global implications

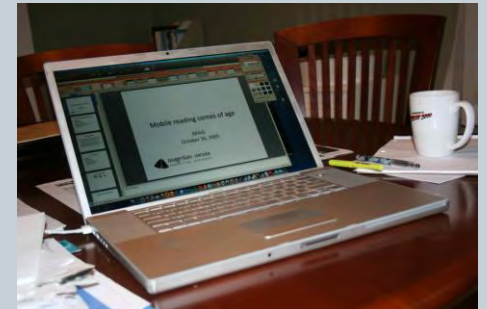
Mobile reading advantages

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- Portability
- Searchability
- Breadth of selection
- In the moment
- **Increasingly “webby”: open, social, linked**
- Green?

A mobile profile

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Yes, we have cell phones

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Held together by an allegiance to a common cell-phone plan ...

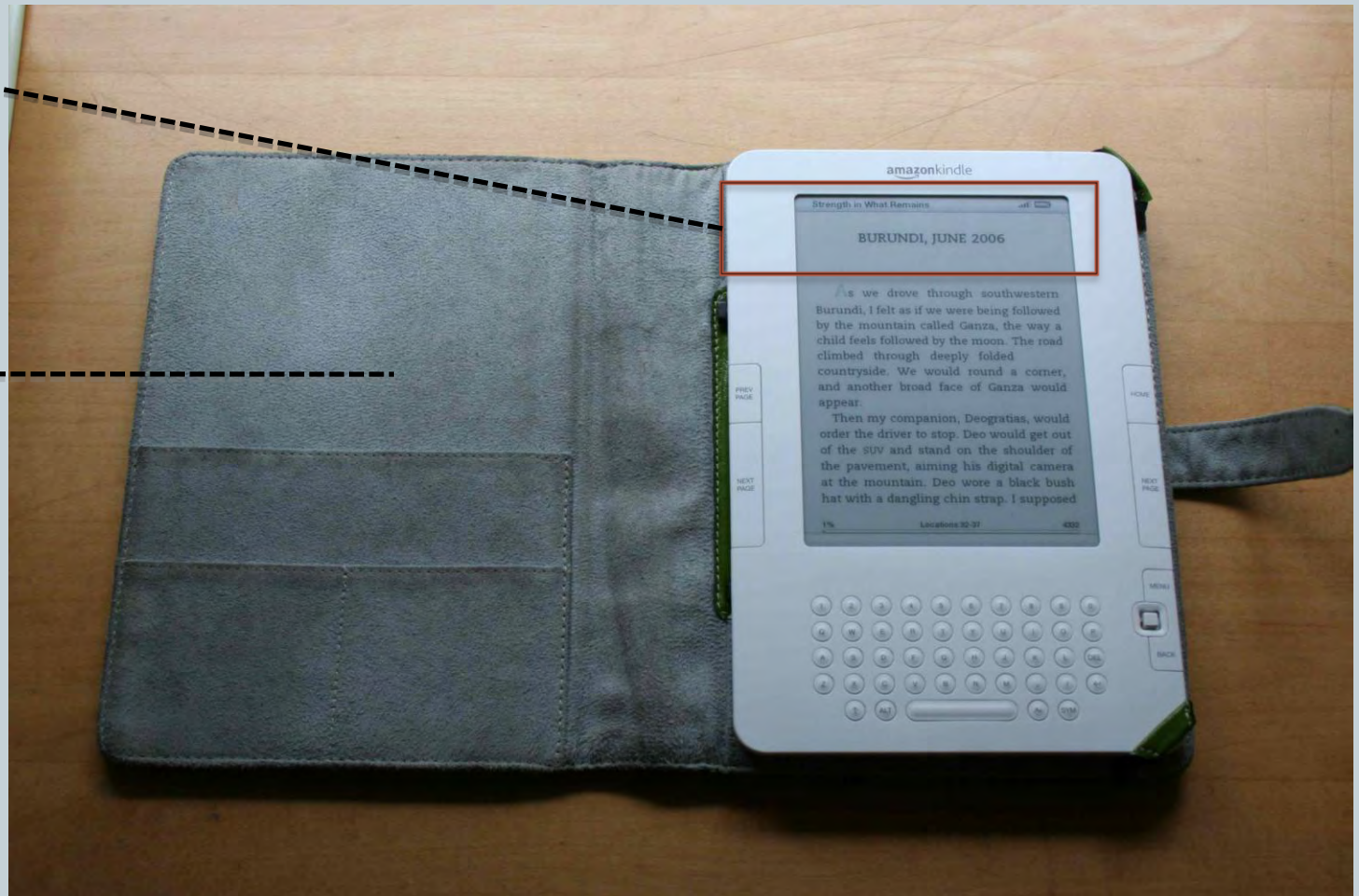
For e-reading, we have a Kindle ...

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*Strength in
What
Remains*, by
Tracy Kidder

Nifty Kindle
cover, only
\$49 at
M-Edge

Download
25 titles a
month at an
average
price of
\$5.20



... and iPod Touches

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Kindle

Kobo

←----- Stanza

B&N

-----→

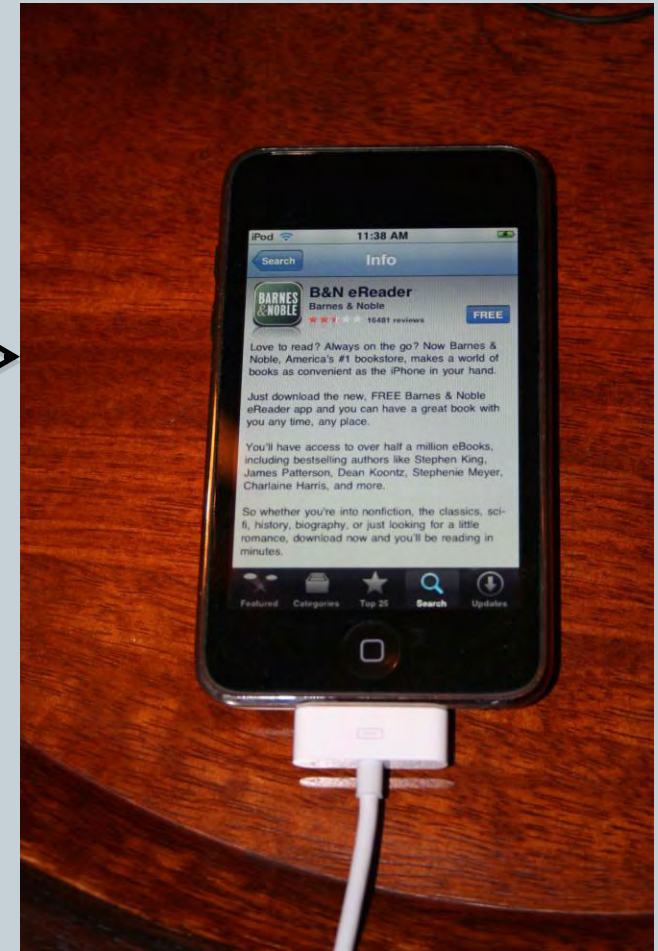
Classics

BookShelf

BookZ

Libris

... as well as
standalone
book apps



All part of an evolving e-reading value chain

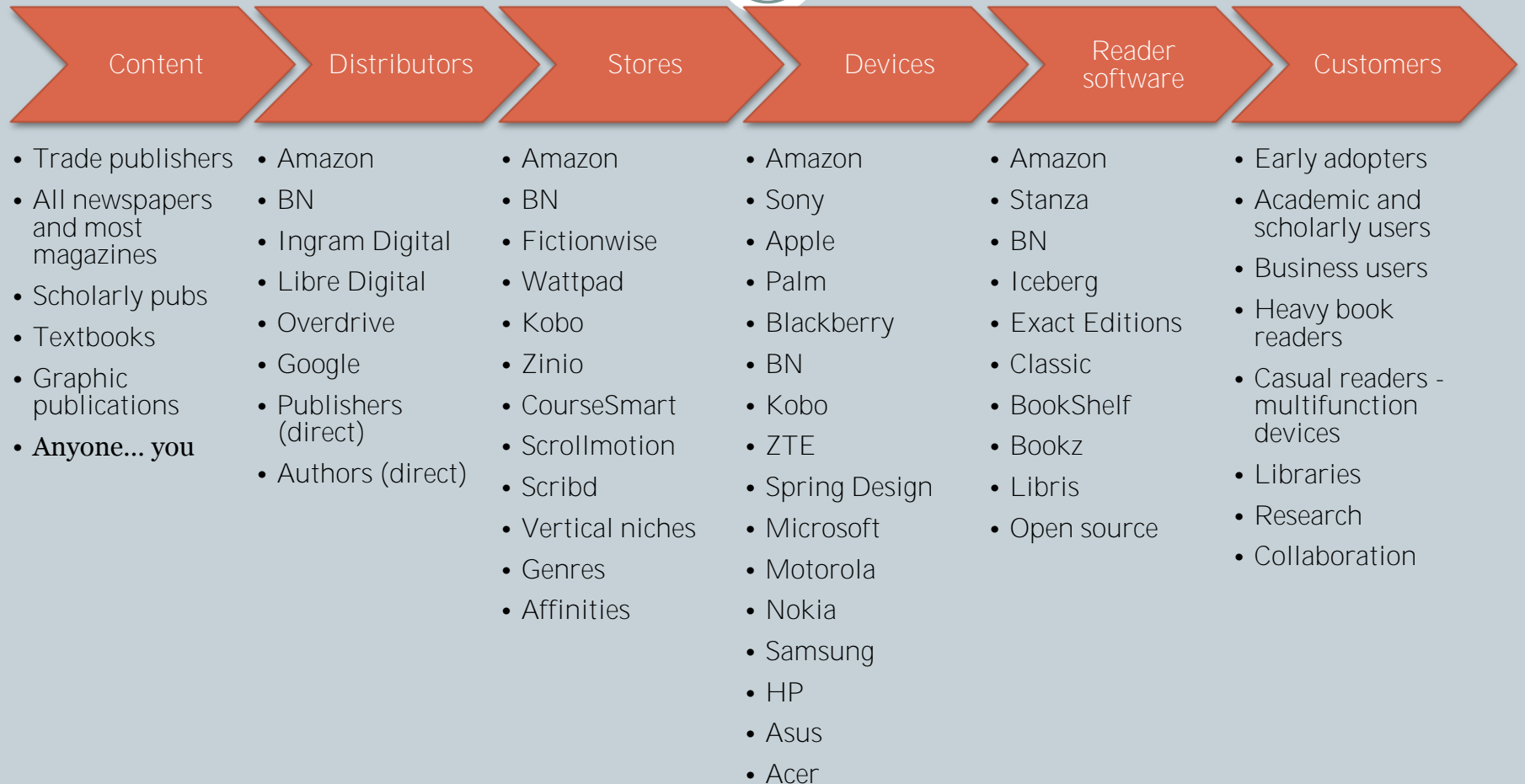
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This list covers only (most of) the existing players ...

The future will be even more robust

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Keys to mobile reading success

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- Wireless coverage
- Seamless transactions
- Extensive content libraries
- Device reliability
- Content interoperability

Mobile reading segments: a range

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Desktops
and
laptops

- Various platforms
- Game consoles (Wii, X-BOX)

Readers

- Sony Reader
- Amazon Kindle
- BN Nook
- Kobo Reader
- ... **and many more**

Mobile
devices

- Treo (Palm)
- Blackberry (RIM)
- iPhone (Apple)
- Android (Google)
- Ovi (Nokia)
- Microsoft (Windows)

Netbooks
and
tablets

- Asus
- Acer
- Dell
- Courier
- iPad
- Samsung
- HP
- RIM

How book content has been read

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Format	All digital reading	Excluding PDF
PDF	60%	--
E-book compatible	17%	42%
iPhone OS	8%	20%
Palm OS	4%	10%
All others	11%	28%

The breadth of content consumption (still) relying on PDF file formats suggests that readers are willing to forego a lot of bells and whistles just to get content digitally.

Laptops and netbooks still play a big part

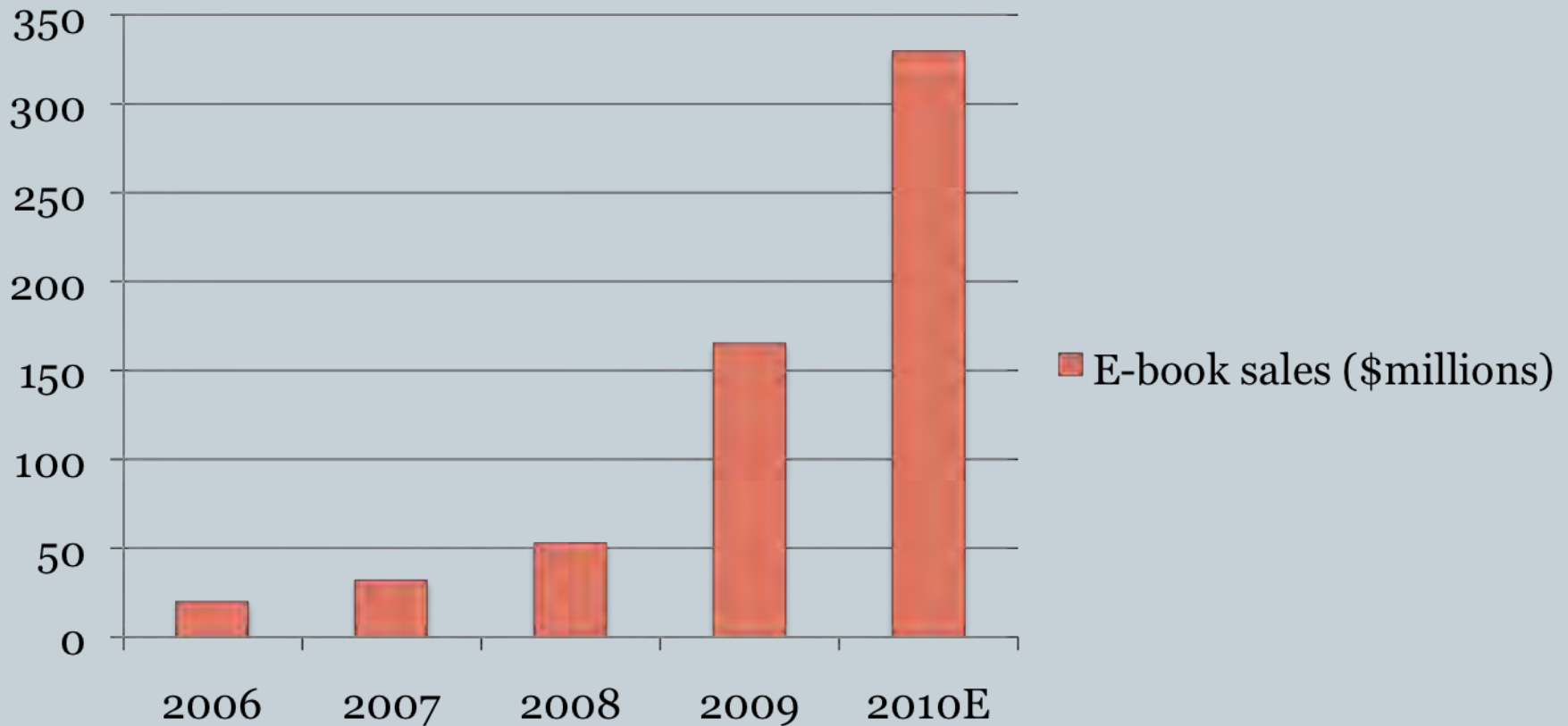
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Reading device	Overall share
Laptops	35%
Kindle	32%
iPhone	15%
Sony Reader	12%
Netbooks	10%
BN Nook	9%
iPad	9%

E-book sales have exploded

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E-book sales (\$millions)



Book networks are also booming

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- Open, social, linked
- Visual Bookshelf (Facebook): 6 million users, 108 million books
- WeRead: nearly 2 million readers, over 45 million books
- LibraryThing: 750K visits a month
- Goodreads: 500K visitors a month



weRead
the social book discovery revolution

goodreads®



book
glutton
BETA

bookjetty

LibraryThing
What's on your bookshelf?

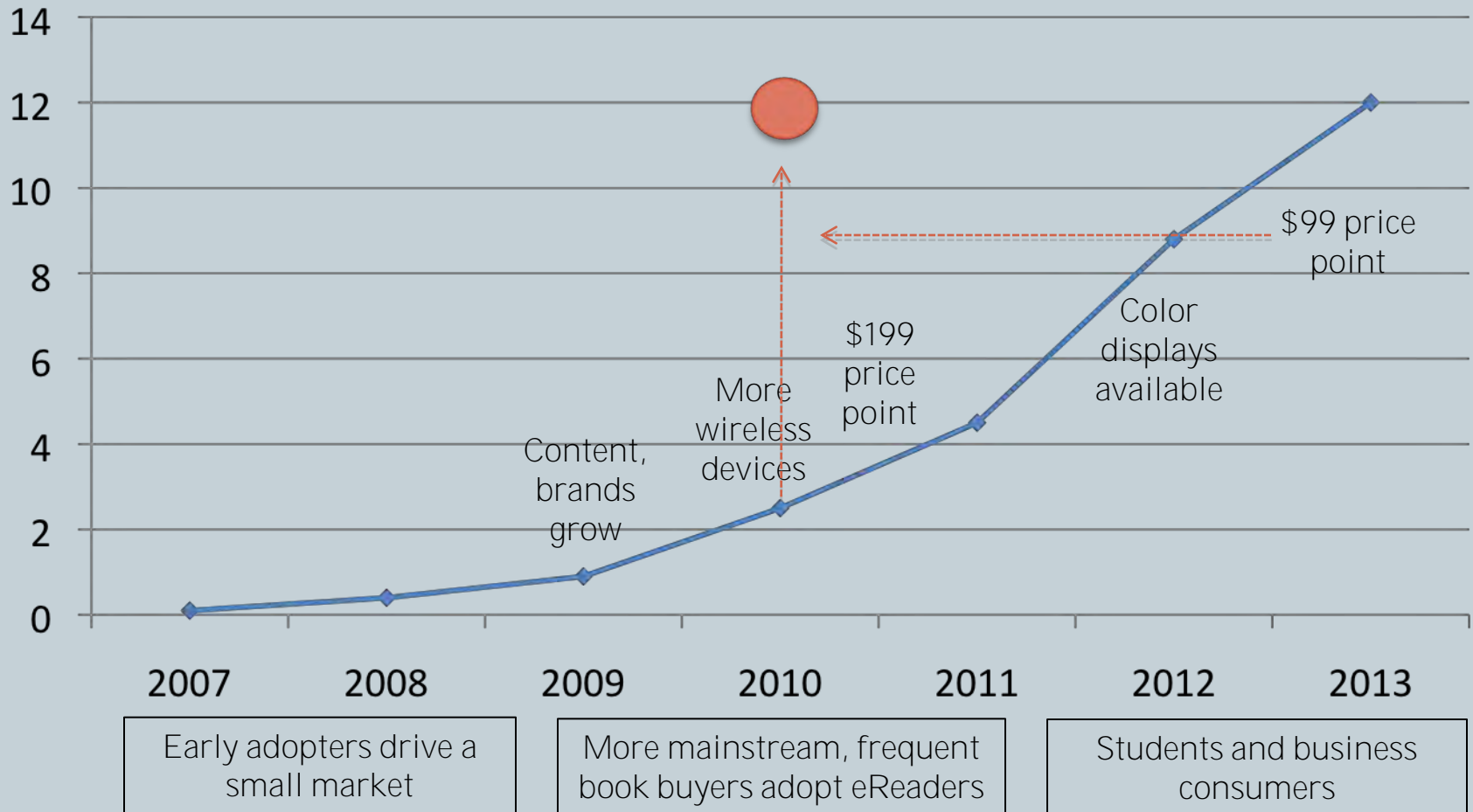
 shelfari®

Sizing the e-reader opportunity

35 mm
units
(2014)

17

Millions of units (US consumers)



A significant challenge: formats

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Today: Device +
Format + Discovery +
Acquisition +
Installation + DRM =
“Confusion”

Proliferation of file types and DRM options

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Segment	Options
File types	RTF and PDF BBeB .lit, mobi and AZW PDB and FB2 HTML, RB, CHM and OEB .. And EPUB
Digital rights management	Microsoft Reader Adobe Digital Editions eReader Mobi Apple FairPlay DNL ... and others

A format/DRM example

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FAQ	Explanation
“What formats are available for Secure Mobipocket Format eBooks and what devices can I read them on?”	<p>“EBooks marked [Secure Mobipocket] are available as encrypted Mobipocket files. Mobipocket is a free reader application that is currently available on these platforms: Personal Computers Palm and Palm compatible; PocketPC; Franklin eBookMan; Symbian OS, including the Psion5, Psion5mx, Psion Revo, Psion Revo+, and Diamond MAKO organizers, and the Nokia 9210 (European model), 9290 (American model), Ericsson R380, R380e and R380 Smartphones.”</p>

One more “FAQ” ...

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FAQ	Explanation
“How do I set my Secure Mobipocket Personal ID so I can read Secure Mobipocket Format eBooks?”	“Before downloading a Secure Mobipocket Format eBook file, you must set your Secure Mobipocket Personal ID (PID) in your Bookshelf. This is a code number that you can find by using the "About" menu item in the Mobipocket application on your device. (It) is used to encrypt the file so it is only usable on your PDA. (A future version of Mobipocket will allow you to read your eBooks on more than one device that you own.)”

A “reverse” generation gap?

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- **Average age of today’s p-book buyer is 44**
- The most frequent p-book buyer is 50
- Over 65 = largest cohort of Kindle users
- First age group to move beyond the desktop for digital content
- **“Seniors are leading the way in the digital market”**

A growing mobile market

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Function phones

- Most common
- SMS-enabled
- 286 mm units
- 170 mm units unlimited text (up 43%)

“Reach”

Smart phones

- Treo
- Blackberry
- E-mail, some web access
- MMS-enabled
- Mobile web (73.7 mm)

“Exchange”

Rich media devices

- iPhone
- Android
- iPad, Samsung
- E-mail, web access
- Commerce
- Reading

“Engagement”

Four carriers dominate the U.S. market

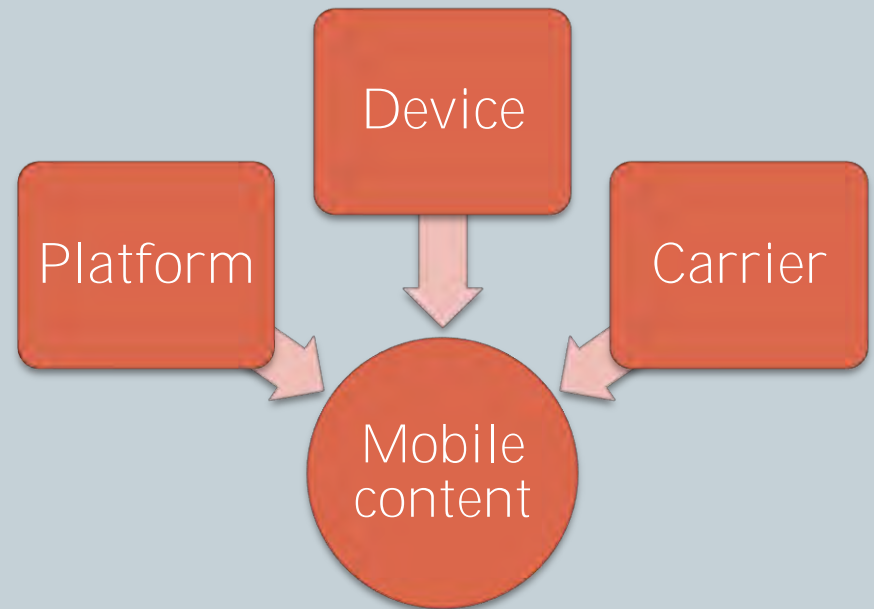
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Carrier	Market share (2009)
Verizon	31.9%
AT&T	29.8%
Sprint	16.8%
T-Mobile	11.8%
Metro PCS	2.3%
All others	7.3%
Total mobile phone base	285.6 million

A range of operating platforms

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- Apple iPhone OS
- Android
- Symbian OS
- Windows
- Blackberry



Mobile engagement is close to constant

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Platform	Hours per day
Android-based	5.3
Blackberry	4.6
iPhone	4.5
iPad	2.6
E-readers (all)	1.9

Rich-media: powered by apps

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- A mix of carrier and device stores*
- Multiple rich-media readers
- A growing number of books

*Apple, Nokia, Palm, RIM, Microsoft and Android are the primary players.

Top paid iPad apps (downloads)

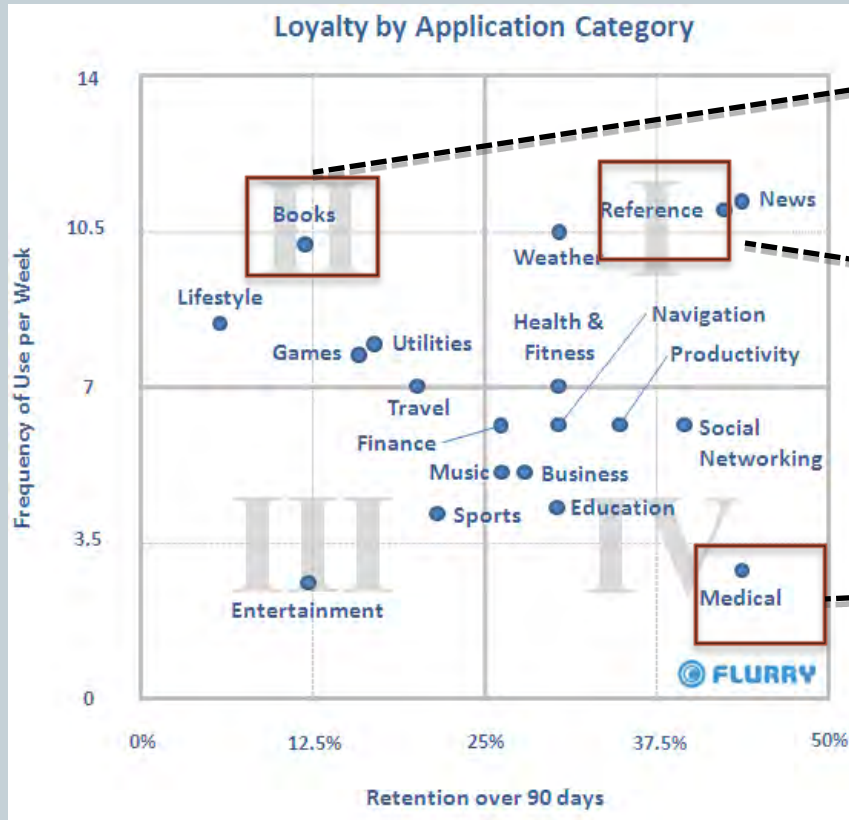
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Top 5	Next 5
Games	Celebrity news and entertainment
Books	Location and direction
Music	Movie schedules and ticket purchase
Shopping	Magazines
News and headlines	Banking

The average rich-media device has 30.9 apps, of which 5.2 are used daily, 8.7 are used weekly and 17.0 are used infrequently or not at all.

Book apps: popular, not persistent

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Used frequently, not kept

Used frequently,
kept around

Used infrequently,
kept around

Behind the persistence “issue”

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Loyalty by Application Category

Category	30 Day Retention	60 Day Retention	90 Day Retention	Frequency of Use / Week
News	74%	57%	43%	11.0
Medical	72%	55%	43%	3.0
Reference	70%	55%	42%	10.7
Productivity	72%	38%	35%	6.0
Navigation	73%	33%	30%	6.0
Health & Fitness	65%	35%	30%	7.0
Education	72%	34%	30%	4.0
Weather	74%	38%	30%	10.5
Business	71%	33%	27%	5.0
Music	65%	32%	26%	5.0
Finance	71%	33%	26%	6.0
Sports	73%	30%	21%	4.0
Travel	61%	25%	20%	7.0
Utilities	55%	19%	17%	7.7
Games	72%	23%	16%	7.4
Social Networking	61%	19%	14%	6.0
Entertainment	51%	15%	12%	2.6
Books	72%	23%	12%	10.0
Lifestyle	50%	8%	5%	8.0
Average	67%	32%	25%	6.7

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- Each book its own app
- Downloads are read using Stanza, Kindle etc.
- Readers stay, books go
- **“Disposable” books** may pressure publishers to open formats or lower prices

Portable computing is also growing

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Product category	Examples
Netbooks	Asus Eee PC (\$300, Linux, now Android) Acer (\$100 with a 2-year AT&T contract)
Tablets	Apple iPad Samsung Galaxy HP Slate Blackberry

If you really want to create an app ...

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- Leverage the capabilities of the mobile platform
- Recognize and satisfy segment-specific (market) requirements
- Develop and refine your app business model (scenario planning is useful)

Full web access = digital editions?

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- Exact Editions
- Texterity
- Nxtbook
- Zinio
- Imirus
- ... among others

New formats, new rules

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- Portrait vs. landscape
- San serif fonts, larger than normal
- Increased leading (4-5 points more than font)
- Linked (when the device supports it)
- Serving images as slideshows in a single window

Mobile growth creates possibilities

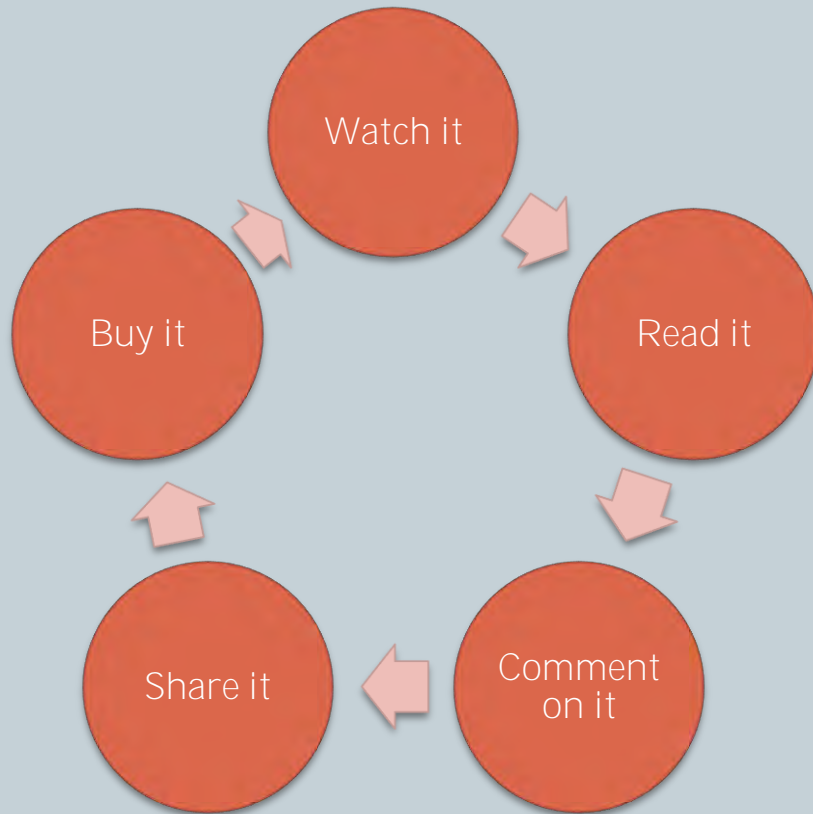
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Trends	Examples
Current	Bundling content by genre Reading as part of a consumptive culture
Evolving	Selling content in chunks Licensing vs. owning Role of libraries Impact on (and from) library lending

The Internet Archive's support for OPDS opens up a range of possibilities for selling and lending digital content.

Content as a consumptive tool

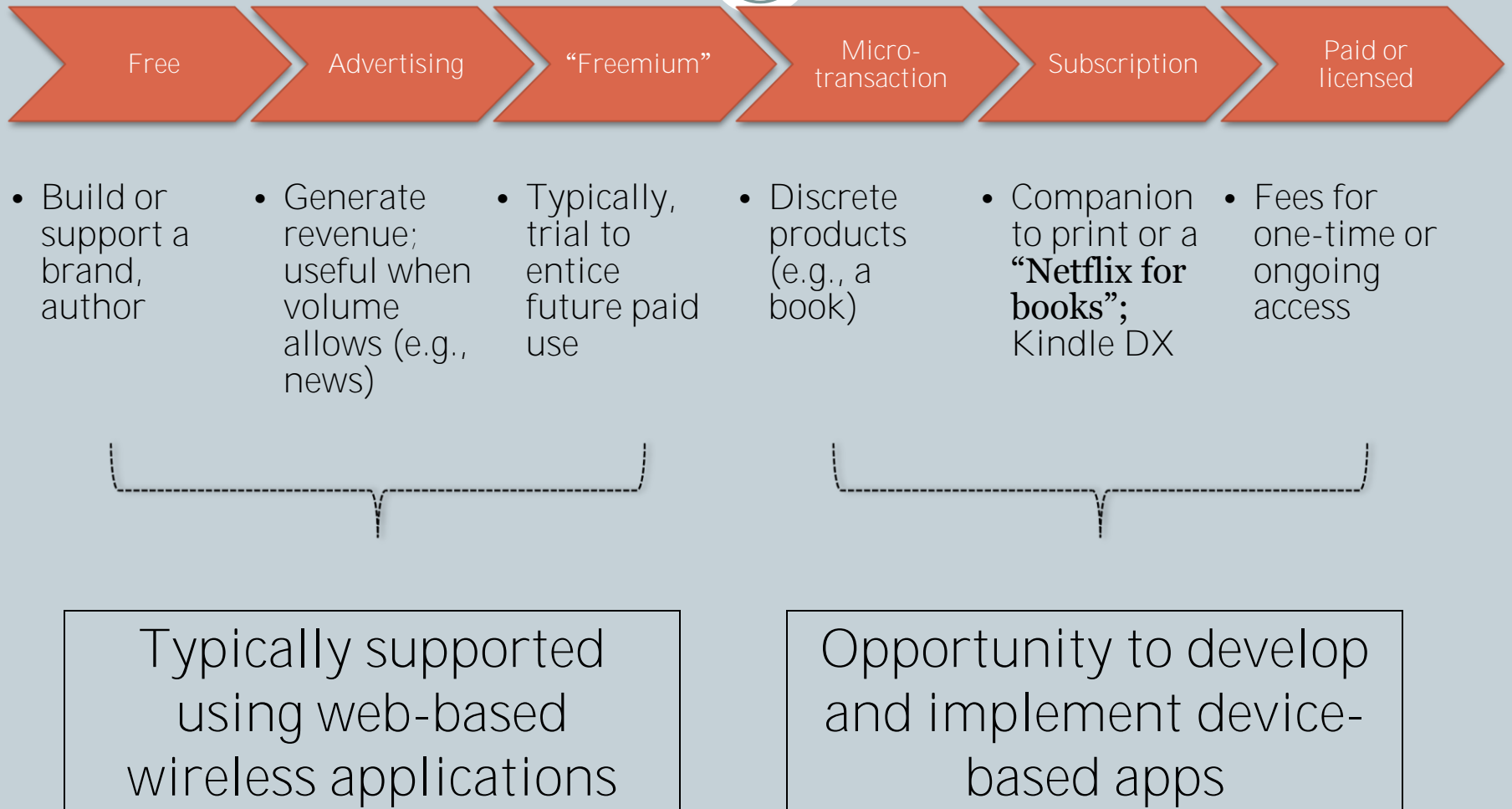
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- On demand
- Personal
- Engaging
- **Networked ...**
- Global

A cross-section of mobile reading models

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Other trends to watch

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Category	Trends
Participants	Digital-only (ebook and POD) imprints The Internet Archive's BookServer project Google Editions Integrated selling with bricks-and-mortar outlets Applying semantic tools (e.g. Peer 39) to book content
Market developments	Publishers developing their own readers Dynamic pricing App store backlash (censorship?) Concerns about uptime (service reliability)

Core take-aways on mobile reading

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Looking ahead

“98 percent of all the people who will eventually read e-books are not reading on them today ...”

-- Bob LiVolsi,
BooksonBoard.com

Forrester estimates the 2010 e-reading population has reached 7%, and those 7% read 66% of **their books digitally...**

For more information

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- Book Industry Study Group (www.bisg.org) ,
“Consumer Attitudes Toward Digital Publishing”
- A mobile biography, <http://bit.ly/1g0LI4>
- **“Future of Books”**, *CQ Researcher*, 5/29/2009
- brian.oleary@magellanmediapartners.com

